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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

LIGHTHOUSE LENDING, INC., and
RODNEY L. SMITH, Owner and Designated Broker,
Respondents.

NO. C-04-040-05-FO01

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.440(2). On March 10, 2004, the Director through her designee Consumer Services Division Director and Enforcement Chief Chuck Cross, entered a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Collect Annual Assessment, Impose Fine, Prohibit from Industry, and Collect Investigation Fee (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated March 10, 2004, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Lighthouse Lending, Inc. (Lighthouse) and Rodney L. Smith (Smith), Owner and Designated Broker. The Department of Financial Institutions of the State of Washington (Department) served the Statement of Charges, cover letter dated March 10, 2004, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Lighthouse and Smith on Respondents by Federal Express on March 11, 2004. On March 31, 2004, Respondents each filed an application for adjudicative hearing. On June 24, 2004, the

1 Department made a request to the Office of Administrative Hearings (OAH) to assign an
2 Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of Charges.

3 On July 1, 2004, OAH issued an Order for Telephonic Prehearing Conference (OTPC)
4 scheduling a prehearing conference on Thursday, August 5, 2004 at 8:00 a.m. That Order contained
5 the following instruction to the parties: **"The parties shall notify the Office of Administrative**
6 **Hearings with an appropriate telephone number where they can be reached for the conference."**

7 That Order also noted "Parties who fail to attend or participate in the hearing or other stage of the
8 adjudicative proceeding may be held in default." On July 1, 2004, OAH sent notice of the August 5,
9 2004 prehearing conference to the address in Respondents' Applications for Adjudicative Hearing.
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11 On August 5, 2004, the prehearing conference was convened by ALJ Rebekah R. Ross (ALJ
12 Ross) at 8:00 a.m. Respondents failed to appear until approximately 10:00 a.m., at which time
13 Respondent Smith indicated that he had not received the OTPC issued July 1, 2004 and requested a
14 continuance to obtain counsel. ALJ Ross continued the prehearing conference to Tuesday October 5,
15 2004 at 1:00 p.m.

16 On September 3, 2004, OAH issued an OTPC scheduling a prehearing conference on Tuesday
17 October 5, 2004 at 1:00 p.m. That Order contained the following instruction to the parties: **"The**
18 **parties shall notify the Office of Administrative Hearings with an appropriate telephone number**
19 **where they can be reached for the conference."** That Order also noted "Parties who fail to attend or
20 participate in the hearing or other stage of the adjudicative proceeding may be held in default." On
21 September 3, 2004, OAH sent notice of the October 5, 2004 prehearing conference to the address in
22 Respondents' Applications for Adjudicative Hearing.
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1 On October 5, 2004, the prehearing conference was convened by ALJ Ross at 1:00 p.m.
2 Respondents failed to appear and ALJ Ross was unable to contact Respondents at the last telephone
3 number provided by Respondents. The Department moved for an order of default based on
4 Respondents' failure to appear. On October 5, 2004, ALJ Ross issued an Order of Default and Initial
5 Order that the Department's Statement of Charges be affirmed. On October 5, 2004, OAH sent the
6 Order of Default and Initial Order to the address in Respondents' Applications for Adjudicative
7 Hearing.

8 Pursuant to RCW 34.05.440(3), Respondents had seven days from the date of service of the
9 order to file a written motion with OAH requesting that the Order of Default and Initial Order be
10 vacated, and stating the grounds relied upon. Respondents did not make a request to vacate during the
11 statutory period. Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty days
12 from the date of service of the order to file a petition for review of the Order of Default and Initial
13 Order with the Director. Respondents did not file a petition for review during the statutory period.

14 B. Record Presented. The record presented to the Director for her review and for entry of
15 a final decision included the following:

- 16 1. Statement of Charges, and cover letter dated March 10, 2004;
- 17 2. Notice of Opportunity to Defend and Opportunity for Hearing;
- 18 3. Documentation of service for Statement of Charges, Notice of Opportunity to Defend
19 and Opportunity for Hearing, and cover letter dated March 10, 2004;
- 20 4. Applications for Adjudicative Hearing for Lighthouse Lending, Inc. and Rodney L.
21 Smith, Owner and Designated Broker;
- 22 5. Request to OAH for Assignment of Administrative Law Judge;
- 23 6. Order for Telephonic Prehearing Conference dated July 1, 2004, with documentation
24 of service;

1 7. Order for Telephonic Prehearing Conference dated September 3, 2004, with
2 documentation of service; and

3 8. Order of Default and Initial Order dated October 5, 2004, with documentation of
4 service.

5 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(2), the

6 Director hereby adopts the Statement of Charges, which is attached hereto.
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1 II. FINAL ORDER

2 Based upon the foregoing, and the Director having considered the record and being
3 otherwise fully advised, NOW, THEREFORE:

4 A. IT IS HEREBY ORDERED, That:

- 5 1. Respondent Lighthouse Lending, Inc.'s license to conduct the business of a
6 Mortgage Broker is revoked; and
- 7 2. Respondents Lighthouse Lending, Inc. and Rodney L. Smith jointly and severally
8 pay the cumulative delinquent Annual Assessments due through April 30, 2004
9 totaling \$1,061.72 (\$530.86 for the year ended April 30, 2003 and \$530.86 for the
10 year ended April 30, 2004); and
- 11 3. Respondents Lighthouse Lending, Inc. and Rodney L. Smith jointly and severally
12 pay a fine of \$3,000.00 for failure to comply with a directive, calculated at \$100
13 per day for thirty (30) days; and
- 14 4. Respondent Rodney L. Smith is prohibited from participation in the conduct of the
15 affairs of any licensed mortgage broker, in any manner, for a period of five (5)
16 years; and
- 17 5. Respondents Lighthouse Lending, Inc. and Rodney L. Smith jointly and severally
18 pay an investigation fee in the amount of \$286.68, calculated at \$47.78 per hour
19 for six (6) staff hours devoted to the investigation; and
- 20 6. Respondents Lighthouse Lending, Inc. and Rodney L. Smith maintain records in
21 compliance with chapter 19.146 RCW, the Mortgage Broker Practices Act ("Act")
22 and provide the Department with the location of the books, records and other
23 information relating to Lighthouse Lending, Inc.'s mortgage broker business, and
24 the name, address and telephone number of the individual responsible for
25 maintenance of such records in compliance with the Act.

20 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a
21 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
22 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
23 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
24 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The

1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
2 Reconsideration a prerequisite for seeking judicial review in this matter.

3 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date
4 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written
5 notice specifying the date by which it will act on a petition.

6 C. Stay of Order. The Director has determined not to consider a Petition to Stay the
7 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial
8 Review made under chapter 34.05 RCW and RCW 34.05.550.

9 D. Judicial Review. Respondents have the right to petition the superior court for
10 judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements
11 for filing a Petition for Judicial Review, see RCW 34.050.510 and sections following.
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13 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for
14 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
15 attached hereto.
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17 DATED this 22nd day of March, 2005.



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20 STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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GLORIA PAPIEZ
ACTING DIRECTOR